

Message Text

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ACTION EA-13

INFO OCT-01 SS-14 ISO-00 AID-10 NSC-07 NSCE-00 IGA-01

CIAE-00 INR-10 NSAE-00 RSC-01 SP-01 PM-03 DRC-01

SSO-00 INRE-00 /062 W

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O 010442Z MAY 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC IMMEDIATE 2862

C O N F I D E N T I A L SECTION 1 OF 2 BANGKOK 7038

LIMDIS

FOR ASST SEC INGERSOLL AND AA/SA NOOTER FROM AMBASSADOR

E. O. 11652: GDS

TAGS: EAID, TH

SUBJ: FY 74 SA ALLOTMENT

REF : STATE 087725

1. WITH ALL DUE RESPECT, I FIND YOUR MESSAGE INCREDIBLE. WITH THE LEVEL OF GENERAL ECONOMIC ASSISTANCE (SA) FOR THAILAND HAVING BEEN CUT IN HALF FROM AN ORIGINAL CONGRESSIONAL PRESENTATION FIGURE OF \$15 MILLION, A FURTHER REDUCTION IN EFFECTIVE FUNDING THIS YEAR OF ONE-THIRD IS SIMPLY NOT DIGESTIBLE.

2. WE CANNOT MAINTAIN THAT THAILAND WILL NECESSARILY FALL APART AT THE SEAMS FOR THE ABSENCE OF \$2 MILLION OF U.S. AID, NOR THAT U.S.-THAI RELATIONS WILL TOTALLY FOUNDER AS A RESULT OF THIS PROPOSED ACTION. HOWEVER, I CAN ASSURE YOU THAT THIS DECISION, IF IT STANDS, WILL HAVE A PROFOUND IMPACT ON OUR INTERESTS HERE. I CAN SEE NO WAY TO TELL THE THAI THAT THERE WILL BE AN EFFECTIVE \$2 MILLION CUT IN THE PROGRAM THIS YEAR AND THAT SUCH A CUT IN ALL LIKELIHOOD CANNOT BE RESTORED IN THE NEXT BUDGET YEAR WITHOUT
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THEIR COMING TO THE CONCLUSION THAT WE HAVE WRITTEN

THEM OFF. WHILE THANAT KHOMAN IS NOT IN THE GOVERNMENT AS SUCH, HE HAS ALREADY SAID TO ME THAT THE U.S. HAVING "USED" THAILAND FOR TEN YEARS TO PROSECUTE THE WAR, IS NOW WASHING ITS HANDS OF THE COUNTRY. OTHERS, INCLUDING MANY KEY PEOPLE IN THE GOVERNMENT, ECHO THIS THEME. HOW WOULD YOU EXPLAIN TO A GOOD AND TRUE FRIEND LIKE THAILAND--AND ONE WHOSE COOPERATION WE CONTINUE TO NEED-- THE FACT THAT WE CAN GIVE THEM ONLY 4.4 MILLION IN SA WHILE AT THE SAME TIME WE ARE SEEKING \$250 MILLION FOR EGYPT?

3. I CONTINUE TO BE DIRECTED BY THE HIGHEST LEVELS OF THE UNITED STATES GOVERNMENT TO RETAIN THAILAND'S COOPERATION IN MAINTAINING HERE ASSETS WHICH ARE MOST IMPORTANT TO U.S. SECURITY. BY NOW I HAVE PERSONALLY SEEN THEM ALL AND KNOW HOW VALUABLE THEY ARE. WE TALKED WITH BOTH OF YOU ABOUT THESE DURING YOUR VISITS TO BANGKOK. I STRESS THAT OUR USE OF THAI AIR BASES IS AN IMPORTANT PART OF THIS PROBLEM BUT THAT THERE ARE ALSO OTHER FACILITIES FOR WHICH WE HAVE EVEN LONGER-TERM REQUIREMENTS. AID IS AN IMPORTANT FOREIGN POLICY TOOL. IN THIS CASE THE TOOL IS BEING WHITTLED IN A WAY WHICH CUTS TO THE HEART OF OUR INTERESTS AND OBJECTIVES HERE.

4. GIVEN THE LEVEL OF ASSISTANCE REQUESTED FOR THAILAND NEXT YEAR--COMBINING DEVELOPMENT ASSISTANCE, INCLUDING POPULATION GRANTS, AND GRANTS FOR NARCOTICS PROGRAMS-- CUTS EQUAL TO \$2 MILLION NOW WILL NOT ONLY HAVE THE POLITICAL CONSEQUENCES OF EXPOSING OUR POSITION, BUT MAKE A MOCKERY OF OUR RECENT HIGH LEVEL STATEMENTS BY THE DEPUTY SECRETARY AND OTHERS ABOUT BEING INTERESTED IN AND SUPPORTING THE DEVELOPMENT OF A CONSTITUTIONAL GOVERNMENT AND THAILAND'S ECONOMIC AND SOCIAL DEVELOPMENT. THERE WILL BE NO ROOM FOR ANY INITIATIVES WITH ASSISTANCE FUNDS TO REACH SMALL FARMERS OR TO HELP EXPAND THE RURAL HEALTH SYSTEM. BY NOW I HAVE VISITED MANY PROVINCES, SEEN MANY RURAL VILLAGES AND TALKED TO MANY PROVINCIAL GOVERNORS ABOUT HOW PRESSING THESE PROBLEMS ARE. WE WILL DEFINITELY HAVE TO FOREGO OUR FINAL PLANNED EQUIPMENT CONTRIBUTION TO ARD, AND THIS WILL COME AT A TIME WHEN I HAVE A NOTE FROM THE FOREIGN MINISTRY BEFORE ME REQUESTING AN ADDITIONAL ASSISTANCE PACKAGE FOR ARD OVER THE NEXT FEW

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YEARS. THE CUMULATIVE EFFECT OF THIS MEASURE WILL BE THUS FELT IN '75 AND '76. A SEPARATE MESSAGE TRANSMITS SPECIFICS OF THE EFFECTS OF A \$2 MILLION CUT IN FUNDING THIS YEAR.

5. THERE ARE TWO SPECIFIC ANGLES WHICH IT SEEMS TO ME WE SHOULD EXPLORE IMMEDIATELY:

A. FIRST, I WOULD LIKE TO KNOW WHETHER THE PROPOSED CUT IN THE PROGRAM HERE REPRESENTS AN EQUITABLE DISTRI-

BUTION OF THE BURDEN OF COVERING THE ICCS CUTS. I DO NOT THINK THAT THOSE CUTS ARE APPROPRIATELY THE EXCLUSIVE BURDEN OF THE MAINLAND SOUTHEAST ASIAN STATES. HAVE THEY BEEN REFLECTED IN REDUCTIONS FOR PROPOSED PROGRAMS IN INDONESIA, THE PHILIPPINES, COLOMBIA, TUNISIA, NIGERIA AND IN A TIGHTENING OF THE FUNDING PROVIDED TO AID CENTRALLY MANAGED PROGRAMS? ALSO, I FIND IT HARD TO BELIEVE THAT IN A PROGRAM REACHING TOWARD 3/4 OF A BILLION DOLLARS FOR VIETNAM WE COULD NOT FIND \$2 MILLION.

B. SECONDLY, AS WE PURSUE THIS PROPOSED CUT OR ANY SUBSTANTIAL PART OF IT, I SUGGEST WE TRY TO BE CREATIVE AND HELPFUL TO OUR COMMON PURPOSE OF SERVING U.S. POLICY IN THAILAND. TO THIS END, WE SHOULD IMAGINATIVELY CONSIDER SUCH QUESTIONS AS A PL 480, TITLE II PROGRAM NEXT YEAR, THE PROCEEDS OF WHICH COULD BE USED TO FINANCE IMPORTANT DEVELOPMENT ACTIVITIES. ADDITIONALLY, I WOULD HOPE THAT YOU WOULD AGREE TO UNTIE THE RECENTLY SIGNED PROJECT DEVELOPMENT LOAN TO PERMIT THE FUNDS TO BE SPENT FOR PROCUREMENT OF SERVICES PROVIDED BY THAI CONTRACTORS. I'M SURE THERE ARE OTHER POSSIBILITIES ALTHOUGH BY FAR THE BEST SOLUTION IS TO LEAVE OUR ALREADY TRUNCATED PROGRAM ALONE.

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ACTION EA-13

INFO OCT-01 SS-14 ISO-00 NSC-07 NSCE-00 AID-10 IGA-01

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C O N F I D E N T I A L SECTION 2 OF 2 BANGKOK 7038

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6. IN SHORT, THIS IS THE DILEMMA YOUR PROPOSED ACTION POSES FOR ME, BUT MORE IMPORTANTLY FOR U.S. INTERESTS IN THAILAND:

A. WE ARE ASKING THAILAND TO CONTINUE TO HOUSE IMPORTANT U.S. FACILITIES. THERE ARE ALREADY STRONG ELEMENTS HERE OPPOSING THIS. SLASHING OUR AID PUTS US VERY NEAR--AND PERHAPS OVER--THE LINE AT WHICH KEY THAI WILL STAND UP IN SUPPORT OF CONTINUED U.S. - THAI COOPERATION OF THIS NATURE.

B. MANY THAI BELIEVE WE YEARN NOSTALGICALLY FOR A RETURN TO MILITARY RULE. SLASHING OUR AID TO THE PRESENT CIVILIAN GOVERNMENT GIVES SUBSTANCE TO THESE VIEWS AND MAKES OUR DISCLAIMERS SOUND ALTOGETHER HOLLOW.

C. AS MENTIONED EARLIER, WE ALREADY PARED OUR PROGRAM --IN FACT FURTHER THAN I BELIEVE WE SHOULD HAVE--FROM THE LEVEL SUBMITTED TO CONGRESS. I KNOW OUR AID MISSIONS IN SOME OTHER COUNTRIES HAVE NOT DONE THIS. WE ARE NOW BEING PENALIZED FOR CONSCIENTIOUSLY TRYING TO HELP YOU REDUCE OUR AID TO THE ABSOLUTE MINIMUM.

D. THESE LATEST PROPOSED CUTS WOULD PREVENT NEW STARTS IN OUR AID PROGRAM AND FORCE POSTPONEMENT OF SOME PROJECTS UNDERWAY AT A TIME WHEN THE BRIGHT YOUNG TECHNO-CRATS ARE MOVING INTO POSITIONS OF AUTHORITY AND NEED OUR SUPPORT. THESE PEOPLE, LARGELY U.S. TRAINED, ARE ONE OF OUR BEST ASSETS IN THAILAND. TO PULL THE CARPET FROM UNDER THEM WOULD BE SHORTSIGHTED INDEED.
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7. OTHER FACTORS COULD BE CITED BUT I TRUST YOU GET MY POINT. WHILE I SYMPATHIZE WITH YOUR DIFFICULTIES, I CANNOT BELIEVE WE CANNOT FIND A WAY TO BELL THIS CAT WHICH DOES NOT DO PERHAPS IRREPARABLE DAMAGE TO OUR RELATIONS WITH A NATION WHICH I HAVE BEEN REPEATEDLY TOLD IS EXTREMELY IMPORTANT TO OUR BASIC INTERESTS.

8. I HOPE YOU CAN FIND A WAY TO GIVE US OUR ALREADY REDUCED \$6.4 MILLION IN SA IMMEDIATELY. IF NOT, I ASK YOU TO TAKE NO FURTHER ACTION WHICH WOULD IN ANY WAY PREJUDICE OUR ABILITY TO GET THE FULL AMOUNT UNTIL I RETURN AND HAVE THE OPPORTUNITY TO DISCUSS THE FULL IMPLICATIONS FOR U.S. INTERESTS OF THIS PROPOSED CUT.
KINTNER

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